

Delaware Receives \$10.8 Million to Improve Access to Affordable Health Coverage through Reinsurance Program

NEW CASTLE (Sept. 7, 2021) – The Biden Administration has awarded Delaware \$10,831,203 through the Centers for Medicare & Medicaid Services (CMS) to improve access to affordable, comprehensive health insurance coverage through its section 1332 state-based reinsurance waiver. Delaware is one of 13 states to receive these funds, also known as “pass-through funding,” which are available to states with approved section 1332 waivers that also have lowered premiums in implementing their waiver plans.

“We are grateful to the Biden Administration for acknowledging the progress of our reinsurance program in making health insurance more affordable and more accessible on the individual market,” Governor John Carney said. “During the COVID-19 pandemic, it is even more important that Delawareans have access to affordable coverage.”

In June 2019, Governor John Carney signed enabling legislation to create a reinsurance plan in Delaware, and in August 2019, [CMS authorized the program](#). Under Delaware’s reinsurance program, which began Jan. 1, 2020, a portion of high-cost health care claims that drive up insurance rates for everyone on the individual market are reimbursed through a fund. The fund uses a mix of federal funding and assessments collected by the Delaware Department of Insurance from health insurance carriers. The Delaware Health Care Commission administers the program.

Delaware’s reinsurance plan, which is authorized by the

federal government through 2024, has lowered premiums on the [Health Insurance Marketplace](#) on average more than 19% in the first two years. In addition to reducing premiums on the marketplace, the reinsurance program benefits anyone who buys coverage on the individual market, including people who are not eligible for coverage at their workplace, those who are too young for Medicare or make too much money to be eligible for Medicaid, young people who have aged off their parents' plans, or those who are self-employed.

As a result of changes made in the American Rescue Plan Act of 2021 (ARP), residents in Delaware and the other 12 states implementing reinsurance waivers may have access to more affordable health insurance coverage. States will also have more pass-through funding to implement their waiver, and they may also have their own state funding—that otherwise might have been spent on 2021 reinsurance costs—available to pursue innovative state strategies to further improve affordability.

These funds, also known as “pass-through funding,” are determined on an annual basis by the Department of Health and Human Services and the Department of the Treasury.

The additional funds announced by CMS range from \$2.5 million to \$139 million per state – varying based on factors such as the size of the state's reinsurance program. The funds are the result of expanded subsidies provided under the ARP, which will result in new individuals enrolled, and will cover a portion of the states' costs for these reinsurance programs.

“This investment is a testament to our Administration-wide commitment to making health care more accessible and affordable,” said HHS Secretary Xavier Becerra. “This funding from the American Rescue Plan will reduce monthly health care costs for consumers, increase coverage, and provide more options. We will continue to work with states to strengthen the health care system as we respond to the COVID-19 pandemic.”

“Reducing a family or individual’s average monthly health coverage costs frees up that money for other needs,” said CMS Administrator Chiquita Brooks-LaSure. “The Biden-Harris Administration continues to work with states to reduce costs and deliver more affordable health coverage options. This is another example of how the American Rescue Plan is helping more people meet their health care needs.”

States with approved section 1332 state-based reinsurance waivers have experienced reduced premiums in the individual market. Delaware’s next open enrollment on the Health Insurance Marketplace will be Nov.1-Dec. 15 for coverage beginning in 2022.

Beyond reduced premiums, section 1332 state-based reinsurance waivers may help states maintain and increase issuer participation, and may increase the number of qualified health plans (QHPs) available from year to year.